

**Senate Appropriations Committee
Subcommittee on Veterans Affairs,
Housing and Urban Development, and Independent Agencies
Oral Testimony (as Delivered) by David Eisner
Chief Executive Officer
Corporation for National and Community Service
April 8, 2004**

Thank you, Mr. Chairman. I have submitted the full statement for the record, and will summarize for five minutes.

First let me thank you for the opportunity to discuss President Bush's fiscal year 2005 budget proposal for the Corporation for National and Community Service, and also to talk about the financial and management improvements that the Corporation has made over the past year. As you mentioned, Mr. Chairman, Stephen Goldsmith, our Board Chair, regrets that he can't join us this morning. However, I have submitted with my written testimony the letter from our Chairman in which he provides information about recent steps taken by the Board of Directors to improve its oversight.

And let me thank this Committee for the extra attention that you and your staffs have devoted to the Corporation over the past year. You have our deepest gratitude and appreciation for your leadership in helping us make things right at the Corporation, including your support of the President's 2004 budget request and this year's appropriation, which will enable us to reach the President's goal of a record 75,000 AmeriCorps members and will also allow us to engage approximately 1.8 million students in service to their communities through service-learning programs supported by Learn and Serve America. It's greatly appreciated. Those opportunities are critical to foster a culture of citizenship, service, and responsibility in our nation.

As you have mentioned, last year's budget hearing came in the midst of what could be called a tumultuous year for the Corporation. There were very serious questions raised by members of this Committee and others about our financial management. A year later, I'm pleased to report that a new level of fiscal and operational integrity today marks the way the Corporation operates, thanks in part to your leadership, as well as to a number of other factors:

- We have financial and grants management policies that have been implemented by our CFO and Board of Directors, and I am so grateful to have Michelle Guillermin, our CFO, here beside me at this testimony, and also grateful at her adoption of the role of Acting Chief Operating Officer.
- Another factor is the Strengthen AmeriCorps Program Act, which for the first time set into law a fiscally prudent method for determining how we record obligations in the National Service Trust.

- Another factor is the increased oversight role by our Board of Directors in the Corporation's grant making.
- And finally, we've made significant progress in implementing three management priorities that I've stressed since coming to the Corporation in mid-December. These three priorities, that all employees of the Corporation have invested in, are: restoring trust and credibility among all our stakeholders; managing to accountability; and keeping the focus on our customers, which are our grantees in the field as well as the participants, volunteers, and members in our programs.

Through attention to these priorities, we've been able to reform many elements of our operations. We've reformed our grant-making process, our operational management, our budgeting and forecasting capabilities. We've reformed the Alternative Personnel System. We've reformed our technology and data management systems. And, through the rulemaking that you've mentioned, we're also well on our way to reforming the AmeriCorps program. And all of that results in a Corporation today is in a far stronger position than we were a year ago.

The GAO, our Inspector General, and the independent auditing firm Cotton and Company, despite citing a few remaining management weaknesses, have all issued positive reports. When taken together, those reports reflect:

- That we are in compliance with the requirements of the Strengthen AmeriCorps Program Act;
- That we are following fundamentally sound management and accounting practices; and
- Our ongoing management reforms are effectively addressing the identified weaknesses.

In addition, two recent developments – an Executive Order on National and Community Service, which President Bush signed in February, and the beginning of the AmeriCorps rulemaking process on such issues as sustainability of grantees and federal share of costs – promise to accelerate the reform process. The goals of both the Executive Order and rulemaking are to make our programs more efficient, effective, and accountable. And, from what I have heard in public meetings on rulemaking in Columbus, Seattle, Boston, Dallas, here in Washington, and on many conference calls, I am confident that we can in fact arrive at fair and equitable solutions to these very difficult problems, and that we will be able to make our program more consistent, stable, and predictable.

I should note that as we reform our programs, the Corporation is striving to ensure that national service works more intentionally to broaden, deepen, and strengthen the ability of our nation's 63 million community volunteers to contribute to their communities – and of America to capture that strength of community volunteerism. As noted in the Executive Order, the Corporation should serve as an engine of volunteer mobilization, and we are finding ways for an increasing number of AmeriCorps members to devote more of their time to helping charities recruit, train, and supervise volunteers.

The President's 2005 budget includes several targeted investments in programs and initiatives that are designed to leverage volunteers and private dollars. It also includes initiatives to increase outreach to new groups, and to ensure that the Corporation can provide our grantees with effective assistance and monitoring. Some, like the Challenge Grants, that I know both of you are champions of, accomplish more than one of these objectives, and all are described in detail in my written testimony.

Finally, because of the challenges faced by the Corporation over the past year, it's necessary for these comments, and I'm sure a lot of today's testimony, to focus on the financial and management reforms that we have made over the past year. As we strive to strengthen our management, though, we at the Corporation are not losing sight of our main mission and the mission our programs, which is to engage people of all ages and backgrounds in meaningful service that meets critical local needs, to strengthen community organizations, and to change participants' lives, as well as to promote the ethic of good citizenship across our nation.

Thank you, Mr. Chairman, this concludes my remarks, and Ms. Guillermin and I are happy to answer any questions you may have.